

**COMMUNITY SERVICES BLOCK
GRANT PROGRAM**

Information Memorandum

**U.S. Department of Health and Human
Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447**

Transmittal No. 97

Date: October 10, 2006

To: State CSBG Lead Agencies
From: Acting Director, Division of State Assistance Office of Community Services
Subject: Guidance on the CSBG Requirement to Monitor Eligible Entities
Purpose: To clarify states' requirement to monitor Eligible Entities.

Background: The Government Accountability Office (GAO) recently conducted a review of the Community Services Block Grant Program and found inconsistent interpretations of states' CSBG monitoring requirements. The report, **GAO-06-627 Community Services Block Grant Program—HHS Should Improve Oversight by Focusing Monitoring and Assistance Efforts on Areas of High Risk**, stated that "All five states we visited conducted on-site monitoring of local agencies with varying frequency and performed additional oversight efforts, such as reviewing financial and programmatic reports from local agencies." The report also noted that, "State officials (GAO) visited have taken different views on what they must do to meet the legal requirement to visit local agencies at least once during each 3-year period and OCS has not issued guidance interpreting this requirement."

Guidance: In order to clarify the requirements under this Section, OCS is issuing this Information Memorandum (IM) as guidance to the states.

Section 678B(a)(1) of the Community Services Block Grant Act, requires that "the State shall conduct the following reviews of eligible entities:

- (1) A full onsite review of each such entity at least once during each 3-year period.
- (2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.

If the state awards funds to an organization that is newly designated as an eligible entity on October 1, 2006 and that entity is receiving CSBG funds for the first time, then the initial visit must occur prior to March 31, 2008. For the newly-designated eligible entity, another compliance review is due, using the example noted, by September 30, 2010.

For eligible entities that received CSBG funds in previous years, and are

receiving continued funding, compliance reviews must occur for those entities no later than three years after the last compliance review. If the last state compliance review of a previously funded eligible entity occurred on September 30, 2005, another compliance review is due by September 30, 2008.

Note: IM # 97 was updated on November 27, 2006 to correct dates used in the example for state awards to an organization that is newly designated. The IM printed here represents the final, amended version.

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